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Shareka Sanchez has an extra reason to dread foreclosure signs popping up in her Gibsonton neighborhood. Each time a neighbor defaults on a mortgage, her cable TV bill goes up.

It's up 44 percent so far, and it likely will rise again.

In an odd twist to the foreclosure drama in the United States, more neighborhoods across the Tampa Bay area are finding that the "discount" cable TV packages they get through their homeowners associations are coming back to bite them in the wallet.

Here's why: Like thousands of local people, Sanchez lives in a new, deed-restricted homeowners association that offers a discounted basic TV package to help lure new homebuyers.

To cement a good deal, the community, South Bay Lakes in Gibsonton, years ago signed a bulk contract with Bright House Networks to provide cable TV in the neighborhood, in exchange for a regular fixed payment.

That arrangement worked out fine when the neighborhoods filled up and residents paid their association fees - and the association turned over the cable TV payments to Bright House. The problem occurs when neighbors go into foreclosure and stop paying their fees.

The South Bay Lakes homeowners association still must pay about \$140,000 a year to Bright House, even though there's less money coming in from homeowners.

Because about numerous homes in the 300-home development are in foreclosure, South Bay Lakes had to issue "special assessments" on residents.

Fees rose from \$150 a quarter to \$216, and that probably won't cover the shortfall, according to association officials. The Bright House bill represents almost half of the association's annual budget of \$261,000.

To make matters tougher, the community is locked into that deal with Bright House until 2019, with cable rates that rise "from time to time" according to the contract.

"It's putting us in the red," said Sanchez, who took over as association president in January. "We have to start looking at what we really need to pay for. The TECO bill for streetlights has to be paid, so we start juggling, just like juggling your own household budget."

Other Examples

To be sure, neighbors who don't pay their fees can put a financial pinch on any of the services an association typically provides: the landscaping, the front gate, the street lights or community pool maintenance. But neighbors in South Bay Lakes and other homeowners associations never expected something like cable TV would become a burden.

The Chapel Pines subdivision in Wesley Chapel found itself stuck in a cable contract that requires \$15,000 a month payment to Bright House, and is seeing the strain of foreclosed homes no longer paying their fees. That payment represents nearly half their total association budget.

The South Fork 1 development in Riverview has a 15-year contract with Bright House that requires a \$9,700 a month payment, roughly one-third of the neighborhood's total budget.

"We still have to foot the bill whether people live in those homes or not," said Fred Perez, the former president of the South Fork association. "You end up with a big, bad debt line item on the budget."

More situations like that will probably emerge as foreclosures pile up in the area.

The foreclosure rate in Hillsborough County jumped 157 percent last year, to 1,866 homes. Pasco County's foreclosure rate jumped 113 percent to 565 homes last year. Pinellas County's rate jumped 249 percent to 1,400 homes. All three counties were well above the 57 percent growth rate in foreclosures across the United States.

As those homes go into foreclosure, there's little chance that owners or investors will pay their fees, say association officials in the area.

Little Guys

The financial pinch of such deals seems to affect the less luxurious neighborhoods the hardest. Homeowners associations without large clubhouses, golf courses or security services have fewer items in their budget to cut back in tough times.

The Bridgewater development of 763 homes in Wesley Chapel could have almost 200 homes in preforeclosure or the foreclosure process, and is about \$100,000 in the red, said association president Mark Spector. "Two-thirds of that deficit is meant for Bright House," Spector said. The community's association signed a 10-year deal with Bright House, in 2005, he said.

Perhaps because the association has no massive reserves, Spector said Bright House officials have held off collecting on the delinquent bill right away. He's met with Bright House officials to explain how other services are more important to residents, like security and utilities.

Still, the cable bill is daunting, he said. With the compounding effect of late bills, the debts pile up fast. Bridgewater's contract could conceivably be worth millions of dollars over its 10-year time frame.

"We're looking at all our options, even extreme measures," Spector said. "Can we bankrupt the HOA board to end this contract? Obviously, if we broke it, that would take a huge amount of pressure off our budget."

Bright House spokesman Joe Durkin said less than 5 percent of the company's 1 million area customers get their service through bulk deals. The company negotiates for long-term deals in part to recoup the investment required to build a network through a private development, and to ensure communities stay with Bright House rather than other cable, phone or Internet providers, Durkin said.

"With bulk deals, homeowner associations are getting such a deep discount on the service," Durkin said. That said, the company acknowledges that some homeowners associations are under strain. "We understand the economic times we are all facing, with the ups and downs of the market."

Bright House isn't the only cable TV provider involved in such situations. Verizon has started signing a few bulk cable TV deals with neighborhoods as well, with regular payments due based on the number of houses in the development, said spokesman Bob Elek. Those deals are rare, Verizon officials said, and

the company prefers to offer discount rates to individual homeowners that don't channel money through homeowners associations.

No Way Out

There doesn't seem to be an easy way out for neighborhoods facing big cable bills.

Homeowners associations could issue liens on homeowners who don't pay up, but that's not altogether a persuasive tactic with homeowners or investors who already face foreclosures or bankruptcy, Spector said. His association faces enough of a challenge trying to track down the official owner of a house in foreclosure, he said, since many investors live out of town, or don't want to be found by bill collectors.

Banks are supposed to pay association fees on homes they receive through foreclosure, but collecting that money can take extensive paperwork, time and legal fees, Spector said.

Even if homeowners stop paying their fees for cable TV, it's unlikely Bright House would cut off their service, Durkin said, meaning there is no immediate impact on the TV screen for delinquent homeowners.

Some association presidents have high hopes that the Federal Communications Commission will offer some relief, as the FCC recently issued new rules that bar exclusive cable TV deals for apartment buildings or "centrally managed" real estate developments.

However, that ruling focuses on physical access for rival cable TV providers to buildings or suburbs, not the bulk contracts they sign. If apartment operators or homeowners associations want a second provider in their properties, the FCC ruling may let that happen. However, it likely would not invalidate other terms of pre-existing contracts with cable companies, such as bulk payments.

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<http://www2.tbo.com/content/2008/mar/08/na-on-the-hook-for-your-neighbors-cable-bill/>